



The Review

INSIGHTS, IDEAS & INFORMATION

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White Maple® is a strategy consulting firm. We aim to deliver results for clients that produce lasting improvements to performance through facilitating alignment between strategy, the market and brand, and the organisation's people, structure and processes.



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PUTTING CUSTOMERS AT THE CORE

BY JO CAUSON

Customer service is not an optional extra, or “nice to do” but a fundamental component of business strategy. Based on original research, this article suggests that not only is replacing lost customers expensive, but also that there is a clear link between customer service and sales growth.

Remember “the customer is king” slogan from the 1980s? Alongside “the customer is always right” these bywords for distinctive and focused service were indicative of a movement for service delivery to be directed more at the customers’ needs and less at the organisation’s own priorities.

Today, the customer is still king – but this time they aren’t just holding the reins, they have the leverage, knowledge and skills to influence an organisation directly. They hold the balance of power.

Today’s customers are well informed, better equipped, technically proficient, less tolerant, busier, noisier (in their ability to speak up when things go wrong) and choosier. They are also very expensive to replace.

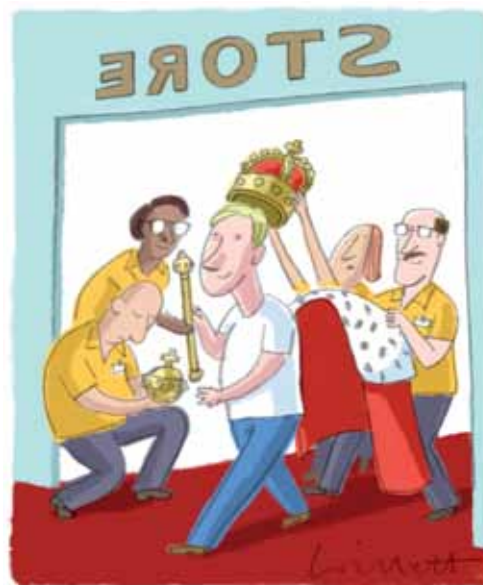
THE COST OF LOSING CUSTOMERS

It takes 58 days and costs a staggering £6,500 to replace a lost customer – presenting UK Plc with a potential £2.2 billion in loss of revenue over the next few years. Business leaders, in a piece of research the Institute of Customer Service (ICS) commissioned earlier this year, told us that many of them (41%) expect the fight for customers to intensify and more still (44%) described customer retention as critical to their ability to achieve growth – and 58% described customer retention as vital to the sustainability of the business.

So if we want to improve the bottom line, reduce the cost and aggravation of dealing with complaints and motivate our workforces through greater job satisfaction, we need to become customer-centric. That means adapting to the ever more sophisticated and challenging demands of customers, and putting them at the heart of our organisation.

This isn’t a fluffy “let’s be nice to our customers” approach. Last year the ICS published a weighty piece of research – although there is a very friendly executive summary which you can download. “The Return on Investment in Customer Service – the bottom line report” gathered findings from over 150

senior executives in the private and public sectors. Just the act of gaining customer insight, it found, will bring about a positive return on investment. 74% of the sample group agreed that “gathering and acting on customer feedback” is very likely to lead to improvement in return on investment (ROI), whilst 81% believed that “gaining an understanding of the customer viewpoint” will also very likely lead to positive ROI.



Being customer-centric means starting in the boardroom so the people who can make a difference, the processes they employ and the strategies they embrace are all aligned, in place, in step, in tune. It means having a strategy that runs horizontally and vertically through your business so employees have the right tools and training to react, respond and carry through.

CHANNEL HOPPING

Staying customer-centric means recognising that customers have more than one way of dealing with you. Multi-channel providers are commonplace and

"...WE CAN TELL THE WORLD IF WE ARE UNHAPPY"

INSTITUTE OF CUSTOMER SERVICE

The Institute of Customer Service (ICS) is the UK's independent, professional body for customer service. Its purpose is to enable organisations to achieve tangible business benefits through excellent customer service aligned to their business goals; and to help individuals to maximise their career potential and employability by developing their customer service skills. The Institute has almost 400 organisational members including Unilever, Marks & Spencer, Boots, British Gas, Birmingham City Council, Vodafone, Simplyhealth, Sainsbury's, Waitrose and over 3,000 individual members.

KEY ACTIVITIES INCLUDE:

- Helping organisations develop their customer service and strategy through benchmarking and diagnostic tools.
- Setting customer service standards and accreditation for organisations.
- Developing training and accreditation programmes.
- Sharing best practice across the membership network.
- Influencing decision-makers and opinion formers through the development and promotion of authoritative knowledge and research.

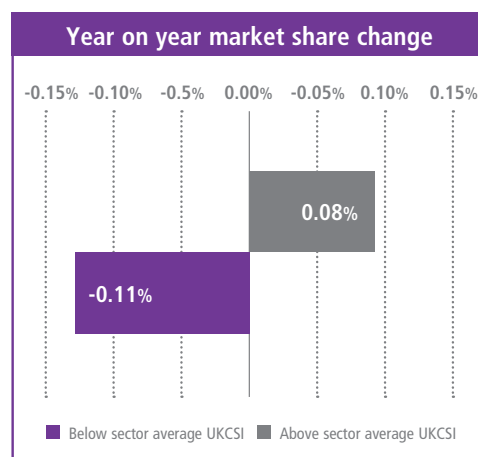
For details of current research reports, publications and member organisations, visit the ICS website instituteofcustomerservice.com.

we expect a consistency in approach, response, style and message – as well as in the value of the product or service. We can complain in a greater number of ways than before and, particularly through social media, we can tell the world if we are unhappy. Customers want to communicate on their terms and in their own preferred way – so the challenge for every organisation is to make service delivery consistent, with the right channel available for the right need at the right time – channels that work in harmony, not isolation and present an integrated and joined up approach.

A SATISFACTORY EXPERIENCE

I think most of us would accept that satisfied customers are good news. There is a national measure of customer satisfaction – the UK Customer Satisfaction Index or UKCSI. It gauges the quality of customer service in the UK by collecting around 26,000 survey responses every six months. The questions are based on what customers tell us is important to them and thus what drives their satisfaction – or dissatisfaction – with a customer experience.

The latest UKCSI research published in July 2012 shows evidence of a very clear link between customer service and sales growth. In the retail food sector, companies with an overall customer satisfaction score higher than the sector average (81.6) have seen an average market share growth of 0.08% in the last 12 months, whereas companies whose score is lower than average have seen an average market share drop of -0.13% (see graph. Source: Kantar Worldpanel)



Retail Food Sector

Year-on-year (July 2012) Change in Market Share

The average customer satisfaction score in the UK (all sectors) is 78. 80 organisations achieved a score of over 80, and 21 scored more than 85. A number of high scoring organisations are also key generators of business growth. One of the noticeable features of the last two UKCSI surveys has been the leading performance of online retailers such as Amazon

and ASOS, as well as more traditional retailers like John Lewis and Waitrose. Amazon's score exceeded 90 in both the January and July UKCSI. Amazon's success is based not just on delivering a consistently reliable, straightforward and efficient service, but also the ability to take decisive and prompt action to resolve problems, if they occur.

This summer we have had the opportunity to put our customer service standards on a world stage. The success of London 2012 was never just going to be just about the venues and logistics – crucial though they are – but the whole end-to-end experience. The way in which the fabulous volunteer "Games Makers" and military personnel delivered the Games Experience has shaped London 2012's legacy both in terms of its place in Olympic history and also in terms of helping to generate long-term economic growth. The Olympics created a significant opportunity to demonstrate how far customer service has moved on in the UK since those memorable mantras of the '80s and, in my opinion, it succeeded!

I was recently interviewed for a report produced by the Economist Intelligence Unit, "Service 2020: Megatrends for the decade ahead", which included contributions from almost 500 business leaders and industry experts. It offers some succinct recommendations:

- Recognise that service will be the most important competitive differentiator in the future (55% of respondents expected to compete on service, 33% on quality and 9% on price).
- Track feedback and complaints.
- Empower your employees (76% of leading companies have devolved decision-making to their staff).
- Utilise technology to make it easier for customers to communicate and engage with you (and about you).

At the end of September 2012 the ICS will be publishing its own vision of customer service in 2020 and what this means for organisations, in collaboration with a number of leading companies.

What's becoming clear is that customer service is a driver of business performance, and will be increasingly seen as imperative to business success, integral to a productive business strategy and providing innovative but measurable solutions - which put customers at the core.

JO CAUSON has been Chief Executive of the Institute of Customer Service since 2009. She was previously Director of Marketing and Corporate Affairs for the Chartered Management Institute. Under her leadership, the Institute is helping businesses to recognise the tangible return on investment from strategic customer service delivery.

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An A – Z of change!

BY BOB EMPSON

There are many facets to change management. This article offers an A – Z checklist of some of the issues you might need to consider when embarking on significant organisational change.

Attitudes. There is an on-going debate about whether effort should be focused on addressing attitudes or on changing behaviours which will eventually cause attitudes to be realigned to the new behaviours. I tend to support the behaviours first approach.

Business-as-usual. The fact that this is not in the index of any of my numerous texts about change reflects that managing “business-as-usual”, or “the day job”, is often overlooked, resulting in risks of significant business underperformance during change programmes. I sometimes advise that a director is given responsibility for championing business-as-usual.

Communication. Communication. Communication. It’s that important to change!

Denial. Proposed by Hayes & Hyde as the second of seven cognitive stages that people typically experience when faced with major change. The full set is: shock, denial, depression, acceptance or letting go, testing, consolidation and internalisation (eg where new behaviours are seen as normal).

Empowerment. Lasting change will be facilitated when staff are empowered and trusted to take decisions and to act.

Freezing. Kurt Lewin proposed in 1951 a 3-step process for organisational change: unfreeze from the current state, move to the new state, refreeze to stabilise and secure the new way of doing things.

Goleman. Daniel Goleman’s model of Emotional Intelligence (EI) has five core elements: self-awareness, self-regulation, social skill, empathy and motivation. Major change will require leaders who are competent in terms of EI.

Homeostasis. This is the natural tendency of an organisational system to try to maintain stability in the face of disruptive stimuli. It is related to the idea of forces of inertia. Perhaps this is why change often doesn’t stick?

Intervention styles. There are various styles (ref. J Hayes) in which change agents can intervene to facilitate change: advising; supporting; theorizing (identifying models/theories to help people analyse and understand the situation); challenging; and information-gathering.

Justice. People’s perceptions of the justice and fairness of proposed change and how it is being managed can

have important impacts on how they respond and on their morale. Fairness issues can relate to the equity of outcomes, the process, information provision and how people are treated (this from ideas by Colquitt et al).

Kotter. John Kotter is one of the change management gurus. See his articles in the Harvard Business Review and numerous books (eg Heart of Change which was reviewed in Issue 1 of The Review*).

Leadership. Effective leadership, usually at various levels in the organisation, is central to successful change. But no single style will always be appropriate. See also the article in Issue 17 of The Review*.

MBTI®: The Myers-Briggs Type Indicator® personality instrument can be a very useful tool for assessing how individuals and teams might respond to and manage change.

Norming. Effective teamwork, at various levels, will be important to effective change management. Norming is the third stage of Tuckman’s model of team development: forming, storming, norming and performing.

Organisational culture. Issue 10 of The Review* had an article about culture and how to change it. I defined culture there as “collections of shared values, assumptions and beliefs, and a common vision/purpose, which tend to produce certain behaviours and ways of doing things.” The article explains why changing culture is not easy and suggests some potential levers for change (eg. bringing new people into the organisation; educating people about the need for change; changing performance measures).

Participative change. One of four models of planned change proposed by Dunphy & Stace. It involves incremental change where key stakeholders favour change and there is time to change. The other models are: charismatic transformation, forced evolution and dictatorial transformation.

Quick wins. It is useful to produce and communicate some “quick wins” (early successes) in a change programme in order to generate confidence in the programme.

Resistance to change. Kotter & Schlesinger suggest six approaches to handling resistance: education & communication; participation & involvement; facilitation & support; negotiation; manipulation & co-optation; and coercion.

Symbols. These can help to communicate complex messages in change situations. Symbols can be, for example, behavioural (decisions and actions), visual (eg designs, colours) and physical (eg office layouts, geographic location of key executives).

Transformational change. Large-scale, “revolutionary” change that involves an organisation re-orientating and/or redefining itself, rather than evolutionary, gradual and adaptive change.

Urgency. Kotter & Cohen proposed creating a sense of urgency as the first step in successful large-scale change.

Vision. It is essential that an organisation’s leadership develop and communicate a vision of the future organisation as the context for planning what needs to change.

Work stress. Change can often contribute to harmful personal stress at work. This can result from, for example: uncertainty; task overload; psychological conflict arising from having to do things with which one is not comfortable (a conflict between behaviours and attitudes/values); a sense of loss of control or helplessness; insufficient participation; and having to take responsibility for the implications of change on other people. Consideration should be given to how stress can be reduced and to helping staff cope with harmful stress.

Xanax. Those leading change will probably have considerable anxiety at some stages. There are probably better ways of managing this anxiety than resorting to this controlled drug (sorry, couldn’t find anything else for X!)

Yes-men/women. You don’t want these when you are planning and implementing significant change.

Zeal. You will need this (without becoming a zealot or fanatic!) to lead successful change.

For more about change management, you could have a look at the article about the challenges of transformational change in Issue 17 of The Review*.

**All issues of The Review are available free on our website.*

BOB EMPSON is Principal Consultant at White Maple Consulting. He has over 30 years’ experience of change management as both a businessperson and as a management consultant. Bob is also a tutor on the MBA programme at Warwick Business School and a trustee of The Stroke Association.

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TWITTER

We've had websites and apps in this column... now Twitter! Some people remain confused about the possible uses and benefits of Twitter. A key point is that you don't have to "tweet" to get value from it! One of the benefits is bringing direct to your Twitter account the news and information in which you are most interested. As examples, here is an eclectic set of those followed by Bob Empson (@BobEmpson), Principal Consultant at White Maple.

Stephanie Flanders @BBCStephanie

The BBC's economics editor doesn't tweet every day. But when she does her insights and observations are usually interesting... and not always about economics!



WW2 Tweets from 1940 @RealTime WWII

A project to "livetweet the 2nd World War as it happens on this day and time in 1940 for 6 years." A daily history lesson in small bites, often with pictures. Brilliant.



The Economist @TheEconomist

Regular tweets through the day drawing your attention to articles and news with links to the detail if you want it.



Médecins Sans Frontières/Doctors Without Borders (MSF) @MSF_uk

The Stroke Association @TheStrokeAssoc

You can follow your favourite charities to stay up-to-date on their campaigns, stories, and challenges.



Harvard Business Review @HarvardBiz

An excellent source of interesting snippets about business and management. At least one item a day will catch your attention.



Investing in Africa @InvestinAfrica

An example of following a relatively esoteric subject of personal interest. This one tweets information and analysis for investors in Africa.



Chris Packham @ChrisGPackham

The naturalist and BBC broadcaster tweets engagingly and amusingly, and he will often reply to tweets from his followers. Also supports charities and other interests with re-tweets (RTs).



Book Reviews

There are now mountains of books about strategy. And if you agree with Richard Rumelt that strategy has become "a mishmash of pop culture, motivational slogans, and business buzz", these two books will help to refocus on the fundamentals and real-world practice of strategy.

Good Strategy / Bad Strategy

By Richard Rumelt

"The word strategy has become a verbal tic" and "a mishmash of pop culture, motivational slogans, and business buzz". This book helps us to get back onto the straight and narrow by illustrating "the dramatic differences between good strategy and bad strategy".

In the context that "the most basic idea of strategy is the application of strength against weakness", the two essential elements of good strategy are proposed as that it is unexpected and it reveals "new realms of advantage and opportunity as well as weakness and threat." Rumelt reveals that good strategy has an underlying structure he calls the "kernel" comprising three elements: diagnosis, guiding policy and a set of coherent actions. And there is a very good section on sources of power because "a good strategy works by harnessing power and applying it to where it will have most effect."

The hallmarks of bad strategy are given as "fluff" ("superficial restatement of the obvious combined with a generous sprinkling of buzzwords"), failure to face the challenge, mistaking goals for strategy and bad strategic objectives. The book also suggests the underlying reasons for why there is so much bad strategy: unwillingness to make difficult choices; template-style "filling in the blanks"; and so-called New Thought - "the belief that all you need to succeed is a positive mental attitude." Senge's idea of the importance of "shared vision" comes in for a particular bashing. All quite refreshing really!

Illustrated with examples from diverse organisations across the public sector, the military and business, you can't just dip in and cherry-pick ideas. You have to read the whole thing (probably twice). Enjoyable. Useful. Highly recommended.

OVERALL RATING

Profile Books, 2011.

On Strategy

By various authors

One of the Harvard Business Review's "10 Must Reads" series, this is a collection of some of the most informative and useful articles on strategy from the HBR. The opening piece by Michael Porter is the best of the lot. "What is strategy?" circumnavigates the world of strategy in 32 pages. Some of Porter's most powerful ideas are explained, for example: strategic positioning to achieve sustainable competitive advantage; the concept of generic strategies; the need for trade-offs; and the idea that "fit" drives both competitive advantage and sustainability.

Other mainstream topics are also covered: balanced scorecard as a management system; the so-called 5-forces model of analysing competitive forces; vision, values and purpose (and the related idea of creating a "strategic principle"); and successful strategy execution. Other articles cover less well-known ideas: the idea of "Blue Ocean Strategy" (creating "uncontested market spaces where the competition is irrelevant") and clarity of decision roles to enhance performance.

The focus of the collection is on the content and implementation of strategy. But there are (perhaps unsurprisingly for a relatively small paperback) some gaps in the portfolio. In particular, your reviewer's experience is that many organisations don't even get off the strategy starting-blocks because they have inadequate processes for the development of strategy. Including an article about the strategy development process would have been a valuable addition.

In summary: practical for the busy person who doesn't have time, or doesn't want, to wade through a complete book on a subject. You can take each article alone; and, for the time-starved, each article includes a helpful summary "Idea in Brief" and an "Idea in Practice". An excellent first reader or refresher.

OVERALL RATING

Harvard Business Review Press, 2011.

WHITE MAPLE® NEWS

WHITE MAPLE® IS CELEBRATING 10 YEARS IN 2012. HERE ARE SOME OF OUR HIGHLIGHTS.

- We have worked with 79 clients, some of these we have worked with every year and for most others there have been multiple assignments.
• Client work has taken us to 30 countries on 6 continents.
• We have supported numerous charities with pro bono work; and every year we donate at least 1% of net profits after tax, in addition to other fundraising projects.
• We have produced 19 issues of The Review. We have been supported by numerous people who have generously written articles for publication.
• "Thank you to everyone – clients, suppliers, friends – for all your support. We look forward with relish to the next 10 years!"
• In 2008 we won the Institute of Business Consulting's prestigious award for "Most Outstanding Practice in Building a Sustainable Client/Consultant Relationship".